

OPEN ENROLLMENT DEADLINE EXTENDED

NO \$10 self-funding assessment for 2003.

NO December premiums for State health, dental, optional life or optional long-term disability.

Open Enrollment deadline is extended for all employees through November 18, 2002.

Even employees who have already handed in their enrollment form can reconsider their choices based on the information presented in this newsletter. Contact your payroll/personnel administrator for a new enrollment form or more information.

Benefits Hotline: 303-866-3434 or 800-719-3434 Email: benefits@state.co.us www.state.co.us/dhr

Updated 2003 Medical Plan Rates - No \$10 Self-funding Assessment					
Plans	Carrier Premium Rates	State Contribution	Sub-Total Employee Cost	State Administration Fee	Monthly Employee Cost
Anthem Liberty EPO (new plan)					
Employee	\$ 294.38	\$ 147.86	\$ 146.52	\$ 2.90	\$ 149.42
Employee +1	\$ 514.18	\$ 220.90	\$ 293.28	\$ 2.90	\$ 296.18
Employee +2	\$ 772.62	\$ 310.62	\$ 462.00	\$ 2.90	\$ 464.90
Anthem Centennial PPO					
Employee	\$ 221.00	\$ 147.86	\$ 73.14	\$ 2.90	\$ 76.04
Employee +1	\$ 386.04	\$ 220.90	\$ 165.14	\$ 2.90	\$ 168.04
Employee +2	\$ 580.06	\$ 310.62	\$ 269.44	\$ 2.90	\$ 272.34
Kaiser HMO					
Employee	\$ 230.10	\$ 147.86	\$ 82.24	\$ 2.90	\$ 85.14
Employee +1	\$ 437.18	\$ 220.90	\$ 216.28	\$ 2.90	\$ 219.18
Employee +2	\$ 678.78	\$ 310.62	\$ 368.16	\$ 2.90	\$ 371.06
San Luis Valley HMO					
Employee	\$ 251.82	\$ 147.86	\$ 103.96	\$ 2.90	\$ 106.86
Employee +1	\$ 503.64	\$ 220.90	\$ 282.74	\$ 2.90	\$ 285.64
Employee +2	\$ 698.62	\$ 310.62	\$ 388.00	\$ 2.90	\$ 390.90
PacifiCare HMO					
Employee	\$ 311.22	\$ 147.86	\$ 163.36	\$ 2.90	\$ 166.26
Employee +1	\$ 622.44	\$ 220.90	\$ 401.54	\$ 2.90	\$ 404.44
Employee +2	\$ 887.00	\$ 310.62	\$ 576.38	\$ 2.90	\$ 579.28
Rocky Mountain Health Plans HMO					
Employee	\$ 341.98	\$ 147.86	\$ 194.12	\$ 2.90	\$ 197.02
Employee +1	\$ 683.96	\$ 220.90	\$ 463.06	\$ 2.90	\$ 465.96
Employee +2	\$ 906.24	\$ 310.62	\$ 595.62	\$ 2.90	\$ 598.52

HealthLine

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November 2002



SPRADLEY TO INTRODUCE TOTAL COMPENSATION REFORM

BILL AVOIDS NEED FOR \$10 MONTHLY FEE



Representative Lola Spradley

Spradley said she will propose a bill giving DPA the flexibility – currently not allowed by state law – to adjust the State's contribution to employees' health insurance premiums up to the levels recommended in the annual Total Compensation Survey. Currently, insurance benefits levels are limited by statute and cannot be raised unless the Legislature passes a law to do so. As a result, the State now pays only between 38 and 45 percent of the total cost of its employees' insurance, compared to 75 to 80 percent for comparable Colorado public and private sector employers.

State House Majority Leader Representative Lola Spradley (R-Beulah) has announced plans to introduce comprehensive legislation this January to reform Colorado's total compensation system so that the State can finally offer a more competitive health-insurance benefits package to its employees.

Spradley's bill would allow the Legislature to fund all employee-related total compensation programs out of a single legislative appropriation, covering salary, performance pay and health insurance benefits, so that the total compensation package proposed by DPA each year can keep pace with the results of the annual Total Compensation Survey.

To help make insurance more affordable for employees, Spradley said her bill would also enable Colorado to self-fund its employee insurance programs in order to reduce costs and offer more plan options. Her bill would ensure that any monies set aside for self-funding are held in trust for the benefit of state employees.

"The law says that state employees should receive a competitive total compensation package, but that isn't happening because the current process prevents DPA from keeping pace with rising insurance costs," Spradley said. "We need to give Colorado state government the flexibility to keep pace with the market in order to meet

"Total Compensation" continued on Page 2

FINALLY, SOME GOOD NEWS - NO DECEMBER PREMIUMS!

Employees enrolled in a 2003 State health, dental, optional life or optional long-term disability (LTD) plan will not have a December premium payment. This means more money in your December paycheck and more money in your pocket for the holidays.

How can this be?

For health, dental, optional life and optional LTD plans, we currently pay premiums for the following month's coverage. For example, our November premium payment provides coverage in December.

Beginning January 1, 2003, premiums for these State plans will provide coverage for the month in which they are paid – January's premium provides coverage in January.

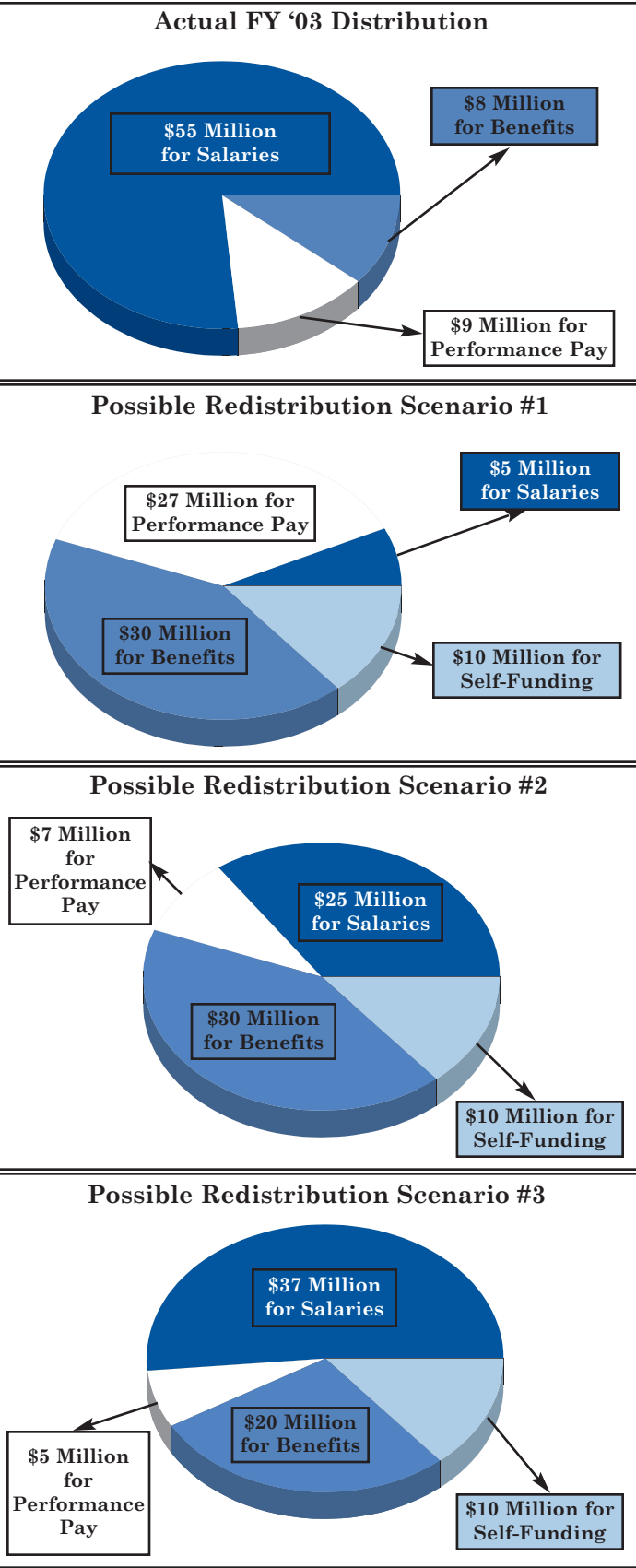
Employees leaving State employment will maintain coverage through the last day of the month in which a premium is paid.

If you have questions about this change or your December paycheck, contact your department's benefits or payroll administrator.

Department of Personnel & Administration  
Division of Human Resources  
Benefits Unit  
1313 Sherman Street, Rm. 114  
Denver, Colorado 80203

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ACTUAL DISTRIBUTION AND POSSIBLE  
REDISTRIBUTION SCENARIOS  
FY ‘03 EMPLOYEE TOTAL COMPENSATION



the needs of our valued employees and their families."

DPA Executive Director Troy Eid praised Spradley for addressing employees' most urgent health care needs, while protecting both salary and performance pay programs.

"Representative Spradley has proposed an idea whose time has definitely come," Eid said. "The law says the State is supposed to offer employees a competitive package of salary and benefits each year. Yet only the salary portion has ever been funded consistently through the legislative process. We can't maintain a competitive workforce unless employees get health insurance relief."

Perhaps the most compelling aspect of this approach is in the actual numbers. The pie charts show the actual distribution of the \$72 million allocated for fiscal year 2003 total employee compensation and possible redistribution scenarios that could have further benefited employees.

Like with most change, the employees and the General Assembly may have some concerns. "I will not push for any changes unless they benefit employees and the State, and unless the appropriate measures are in place to ensure that changes are implemented according to their intent," assures Spradley.

“STATE OF THE STATE WORKFORCE”  
TOWNHALL MEETINGS

Come discuss with DPA Executive Director Troy A. Eid and Jeff Schutt, Director of the Division of Human Resources, key issues facing state employees, such as Health Care Benefits, Performance Based Pay, Salary Survey or any other issues that are important.

**November 12**

Denver - CU Health Sciences School of Medicine  
9th & Colorado, Room 2836 , 12:30 p.m. - 2:00 p.m.

**November 13**

Rifle - Colorado State Veteran's Nursing Home,  
851 E. 5th Street, Conference Room, 11:30 a.m. to 1:00 p.m.

**November 19**

Grand Junction - Mesa State College,  
Liff Auditorium, 11:30 a.m. to 1:30 p.m.

**December 3**

Colorado Springs - CU  
University Center Theater, Rm 302, 8:00 a.m.-10:00 a.m.

**December 3**

Cañon City - Corrections Training Academy  
2285 Fremont Drive, Noon-2:00 p.m.

**December 6**

Golden - School of Mines,  
Ballrooms A & B, Ben Parker Student Center, 11:30 a.m. - 1:00 p.m.

There will be additional meetings scheduled soon.

Contact **Jacque Morley** at **303-866-2393**  
for more information.



# WHY WE NEED TOTAL COMPENSATION

BY TROY A. EID  
DPA EXECUTIVE DIRECTOR

Since my last letter to you, State House Majority Leader Representative Lola Spradley (R-Beulah) has stepped up to the plate to help move Colorado toward finally providing a more competitive total compensation package for state employees. This is good news not only to the future of Colorado's state workforce, but also for the citizens who depend on us.

The current employee compensation system is outmoded and almost unbelievably rigid. While salary adjustments are typically made each year, performance pay has not yet been funded at the levels originally envisioned by the Legislature when it eliminated the anniversary ("step") seniority system.

Meanwhile, health insurance benefits for Colorado state employees have fallen 20 years behind the times and are frozen in the law. Consequently, the amount of money that the State contributes to its employees' insurance has rarely increased even when the Legislature has chosen to make annual salary adjustments.

In contrast, other states typically give their state personnel directors the ability to offer a competitive salary and benefits package each year based on a single legislative appropriation. Ironically, Colorado already has such a total compensation law, but over the years it has eroded into an annual salary survey law, with insurance benefits and performance pay funded separately if at all. Rep. Spradley's proposed legislation would put the "total" back into Colorado's total prevailing compensation system.

Representative Spradley's reform cannot come quickly enough.

Colorado's currently Balkanized employee compensation system leads to some unintended and increasingly unfortunate consequences. Often the right hand doesn't seem to know what the left hand is doing. Here's a simple example from earlier this year:

The Legislature spent \$72 million on additional employee benefits and salary this past session, a modern record unmatched during the last three administrations. I'm proud to have helped Governor Owens advocate for this extra money.

Yet despite this additional \$72 million, many Colorado state employees are still losing ground. Why?

In other states, the state personnel director sets benefits levels (i.e., what the State contributes to an employee's insurance) based on an annual market survey of comparable employers.

We do exactly the same survey here in Colorado as required by our current total compensation law, which provides that the state personnel director shall recommend a total prevailing compensation package each year to the Legislature and the Governor. Yet this law has a loophole: The Legislature has to pass a law each year to fund the benefits portion of the package, and hasn't ever fully funded – at any time – during at least the last 20 years. Consequently, the State now pays for only about 38 percent to 45 percent (depending on the number of insured persons) of total cost of employees' insurance, compared to 75 to 80 percent for comparable employers.

If, instead, I had had the legal authority to take the same \$72 million pot and prioritize it according to the workforce's needs as the Legislature contemplated when it enacted Colorado's total compensation statute – the same legal authority that my counterparts have in other states – DPA would have spent about \$40 million extra on insurance in 2003. This would have lowered rate increases for most employees dramatically. The rest of the pot could have been spent on salary. On balance, the workforce would have been substantially better off, especially our lower income employees.

Instead, because I lacked that authority, I worked with you against the odds and won a more than \$55 million increase in Salary Survey plus \$9 million in performance pay. Yet employees on our insurance plan are actually losing ground because their total compensation package has such a relatively poor insurance benefit component.

I'm also concerned about the serious inequities of the current system – especially the way we are hurting our middle- and lower-income state employees.

Health insurance premium increases hurt the lowest-paid workers the most. For instance, when the premium for health insurance for employee + 2 goes up \$200 per month, that's roughly 8 percent of an administrative assistant's entire salary. Salary survey plus performance pay awards won't even begin to make up for that employee's loss in total compensation.

The reality is that the current employee compensation system is not helping most of our employees in a way that maximizes the \$72 million in extra money spent and meets the most urgent needs of our workforce. That's why it is so exciting that Rep. Spradley, along with legislators from both political parties, are listening to our fellow state employees and preparing to take action in the 2003 legislative session.